

**GOVERNMENT OF INDIA
COAL
LOK SABHA**

UNSTARRED QUESTION NO:1873
ANSWERED ON:27.07.2017
Transparent Mechanism for Coal Allocations
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Will the Minister of COAL be pleased to state:

- (a) whether the Union Government has approved a transparent mechanism for coal allocations, securing supplies of the fuel for stranded power projects in the country;
- (b) if so, the details thereof; and
- (c) the salient features of the transparent mechanism for the said purpose?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF COAL, POWER, NEW AND RENEWABLE ENERGY AND MINES

(a), (b) & (c) : A policy on "Signing of Fuel Supply Agreements (FSA) with Letter of Assurance (LoA) holders of Thermal Power Plants (TPPs) - Fading Away of the existing LoA-FSA Regime and Introduction of a New More Transparent Coal Allocation Policy for Power Sector, 2017 – SHAKTI (Scheme for Harnessing the and Allocating Koyala (Coal) Transparently in India)" has been issued on 22.05.2017. The salient features of the policy are:

(i) FSA shall be signed with the pending LoA holders after ensuring that the plants are commissioned, respective milestones met, all specified conditions of the LoA fulfilled within specified timeframe and where nothing adverse is detected against the LoA holders. The outer time limit is 31.03.2022.

(ii) Medium Term PPAs, to be concluded after the issue of this policy, shall also be eligible for linkage coal.

(iii) New linkages to State/Central Gencos or their Joint Ventures (JVs) shall be based on recommendation of Ministry of Power.

(iv) Coal linkages shall be granted on notified price to Independent Power Producers (IPPs) having already concluded long term PPA, where IPPs shall participate in auction and bid for discount on the tariff.

(v) Coal linkages to IPPs without PPAs shall be through an auction process and the IPPs shall bid on premium above notified price.

(vi) Coal linkages also earmarked for fresh PPAs by the States. The States may undertake tariff based bidding for long term or medium procurement of power. The States may also grant these linkages to capacities covered under exception and proviso clause of para 5.2 of the Tariff Policy of 28.02.2016.

(vii) Power requirement of group of States can be aggregated and procurement of such power can be made by a designated agency. Coal linkages to the designated agency shall be provided based on recommendations of Ministry of Power.

(viii) Coal linkages for full normative quantity shall be considered for Ultra Mega Power Projects (UMPPs), based on recommendations of Ministry of Power.

(ix) Coal linkages shall also be made available for IPPs having PPA based on imported coal. This shall be subject to availability of coal and subject to the condition that such supply does not adversely impact the availability of coal for plants based on domestic coal.

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